

LEASE AGREEMENT

THIS LEASE is made as of the 8th day of April 2005, by INVESTMENT PROPERTIES, INC., a Maryland corporation as agent for **DOVER PROPERTIES TWO, LLC**, a Maryland limited liability company (hereinafter collectively "Landlord"), and **MONTGOMERY COUNTY MARYLAND** (hereinafter "Tenant"), (The Landlord and the County together the "Parties")

1. **DEMISE OF PREMISES:** In consideration of the rent hereinafter described and the covenants hereinafter contained, Landlord does hereby let and demise unto Tenant the premises, together with improvements thereon, known as 701 Dover Road Unit C, Rockville, Maryland (the "Property"), and more particularly described as follows: that portion of the building consisting of approximately 33,451 square feet of space as outlined on the sketch plat attached hereto as Exhibit "A" (the "Leased Premises").

2. **TERM AND RENT COMMENCEMENT:** This lease shall be in full force and effect from the date first written above. The term of this Lease (the "Term") shall commence on the Rent Commencement Date (as hereinafter defined) and shall expire eighty four (84) months thereafter unless otherwise extended or terminated in accordance with the terms hereof. The "Rent Commencement Date" shall be July 1, 2005.

Each twelve (12) month period within the Term shall be referred to herein as a "Lease Year." The first Lease Year shall commence on the Rent Commencement Date and terminate on the last day of the twelfth (12th) full calendar month after such Commencement Date. Each subsequent Lease Year shall commence on the date immediately following the last day of the preceding Lease Year and shall continue for a period of twelve (12) full calendar months, except that the last Lease Year of the Term shall terminate on the date this Lease expires or is otherwise terminated.

3. **MINIMUM RENT AND ESCALATIONS:** The Tenant hereby covenants and agrees to pay or cause to be paid as Annual Rent to the Landlord during the initial year of the tenancy, the sum of Four Hundred One Thousand, Four Hundred and Twelve Dollars (\$401,412.00), payable in advance in consecutive monthly installments of Thirty-Three Thousand, Four Hundred and Fifty-One Dollars (\$33,451.00) (the "Minimum Rent"). The first installment of monthly Minimum Rent shall be paid by the Tenant upon execution of this Lease. The rent due for any fractional monthly period at the beginning or end of the Term shall be prorated on a per diem basis and shall be payable on the Commencement Date and on the first day of the last partial month of the Term respectively. The rent shall be payable to and at the office of Investment Properties, Inc., 11 North Washington Street, Suite 200, Rockville, Maryland, 20850, or at such other place or to such other person, firm or corporation as the Landlord may from time to time designate in writing. Additional rent equal to five percent (5%) of the then current monthly rental shall be imposed upon all rents not paid by the fifth (5th) of the calendar month in which due. Tenant covenants, without any previous demand therefor and without deduction, set-off, recoupment, or counterclaim, to pay the Minimum Rent to Landlord at the address above at the times and the manner above provided.

Commencing on each anniversary of the Commencement Date of the Lease Term, the amount of Minimum Rent to be paid by the Tenant shall escalate at the rate of Three percent (3%) per year. Accordingly, the amount of Minimum Rent to be paid during each year of the Lease Term shall be as follows:

<u>Lease Year</u>	<u>Monthly Rent</u>	<u>Annual Minimum Rent</u>
1	\$33,451.00	\$401,412.00
2 ^{F467}	\$34,454.53	\$413,454.36
3	\$35,488.17	\$425,857.99
4	\$36,552.81	\$438,633.73
5	\$37,649.40	\$451,792.74
6	\$38,778.88	\$465,346.52
7	\$39,942.24	\$479,306.92

4. **TAXES, LANDLORD'S INSURANCE COSTS, AND OPERATING EXPENSES:**

For purposes of this Lease: (a) "Taxes" are defined as (i) all real estate taxes payable (adjusted after protest or litigation, if any) for any part of the term of this Lease, on the Property; (ii) any taxes which shall be levied in lieu of any such taxes or which shall be levied on the gross rentals of the Property; (iii) any special assessments against the Property which shall be required to be paid during the calendar year in respect to which taxes are being determined, and (iv) the expense of contesting the amount or validity of any such taxes, charges or assessments, such expense to be applicable to the period of the item contested.

(b) "Landlord's Insurance Costs" are defined as the annual cost to the Landlord during the term of this Lease of carrying any commercial/general liability insurance, all-risk casualty and hazard insurance with replacement cost endorsements, and any other insurance policies on the Property directly related to the operation of 701 Dover Road, Rockville, Maryland. This definition includes the Landlord's cost of carrying any fire and extended coverage policies, rental insurance policies or other policies, which Landlord may reasonably elect to carry.

The Landlord shall obtain and maintain, during the full term of this Lease, and any extension thereof, a policy of general liability insurance with minimum limits of \$1,000,000 per occurrence, \$2,000,000 aggregate naming the County as additional insured. The policy shall include legal liability, contractual liability, products and completed operations and personal injury. In addition, the Landlord shall provide an All Risk Property Policy to protect the interest of the Landlord against loss caused by the perils insured in the amount of 100 % of the insurable values of the Premises. The policy shall also endorse a demolition and debris removal clause, extra expense, and loss of rents coverage insured to value. Upon thirty days' written notice, Landlord shall deliver to the Tenant copies of appropriate certificates and if requested by County, copies of policies of insurance evidencing coverage.

(c) "Operating Expenses" are defined as those expenses incurred or paid on behalf of Landlord with respect to the operation, management and maintenance of the Property which, in accordance with accepted principals of accounting practice as applied to the operation and maintenance of similar buildings and are properly chargeable to the operation and maintenance of the Property. Operating Expenses specifically include, but are not limited to, the following: (i) fees and commissions paid to the Property manager; (ii) roof maintenance costs; (iii) drive aisle and parking area maintenance; (iv) sprinkler system maintenance; (v) the cost of maintaining all common areas of the Property, including but not limited to grass cutting and landscape maintenance; snow and ice removal; the maintenance of all utilities outside the Lease Premises and (vi) pro rata water and sewer utility charges for the Property to be allocated based upon square footage (proportionate size of the Leased Premises in relation to the size of the entire Property). Operating Expenses shall not include franchise or income taxes imposed on the Landlord, nor the cost of any special work or services performed for any other tenant.

(d) The Leased Premises described on Exhibit "A" comprise approximately 44.9% of the total building within which the Leased Premises are located. Tenant covenants and agrees to pay Landlord as Additional Rent 44.9% of the Taxes, Landlord's Insurance Costs and Operating Expenses assessed by the Landlord which payment shall be due and payable within fifteen (15) days after Landlord's written demand.

Alternatively, in order to provide for current payments on account of the Taxes, Landlord Insurance Costs and Operating Expenses, Tenant agrees, at Landlord's request, to pay as additional rent, Tenant's share due for the ensuing twelve (12) months, as estimated by Landlord's from time to time, in twelve (12) monthly installments, each in an amount equal to 1/12 of Tenant's share so estimated by Landlord commencing on the first day of the month following the month in which Landlord notifies Tenant of the amount of such estimated Tenant's Share. If, as finally determined, Tenant's share shall be greater than or be less than the aggregate of all installments so paid on account to the Landlord for such twelve (12) month period, then Tenant shall pay to Landlord the amount of such underpayment or the Landlord shall credit Tenant for the amount of such overpayment, as the case may be. It is the intention hereunder to estimate the amount of Taxes, Landlord's Insurance Costs, and Operating Expenses for each year, then to adjust such estimate in the following year based on actual Taxes, and Operating Expenses incurred and/or paid by Landlord.

Within thirty (30) days after receipt of such statement, Tenant or its authorized employee shall have the right to inspect the books of Landlord during the business hours of Landlord at Landlord's office or at the office of the Landlord's management agent, for the purpose

of verifying information in such statement. Unless Tenant establishes any specific error(s) with respect to Landlord's calculations within thirty (30) days after delivery of such statement, the statement shall be deemed to be correct.

5. **UTILITIES:** Prior to the Commencement Date, Tenant shall, at its expense, place all electric, gas and other utility services in its name and maintain all permits necessary for its operation in and occupancy of the Leased Premises. Tenant shall pay directly the companies furnishing utilities consumed throughout the Term, (with the exception of water and sewer usage which shall be billed as part of the Operating Expenses as set forth in Section 4). In the event that Tenant fails to pay in a timely manner any sum required under this Paragraph, Landlord shall have the right, but not the obligation, to pay any such sum after ten (10) days' written notice to Tenant. Any sum so paid by Landlord shall be deemed Additional Rent and shall be payable within five (5) days after demand. Tenant's obligations for the payment of the costs incurred for utilities that serve the Leased Premises prior to the termination of this Lease shall survive such termination. In addition, Tenant shall pay as Additional Rent 44.9% (being the same percentage which the square foot floor area of the Leased Premises bears to the area of the building) of Landlord's costs of public service electric usage, including usage for lighting the parking and other common areas.

6. **SECURITY DEPOSIT:** Intentionally Deleted.

7. **USE - COMPLIANCE WITH LAWS AND INSURANCE:** Tenant agrees to use the Leased Premises strictly in accordance with applicable zoning laws and all other applicable laws and regulations. Tenant shall use the Leased Premises for general warehouse storage and offices. Tenant shall not use the property for any other uses without the written consent of the Landlord, which consent will not be unreasonably withheld. In no event shall the Tenant cause the Leased Premises to be occupied by more than 1 daily on-site employee per each 1,000 square feet of the Leased Premises.

8. **CONDITION OF PREMISES:** The Tenant accepts the Leased Premises, including all structural aspects of the improvements thereon, in "as is, where is" condition.

9. **MAINTENANCE AND REPAIRS:** (a) Tenant will, during the term of this Lease, keep the Leased Premises and appurtenances (including windows, doors, plumbing, heating and electrical facilities and installations) in good order and repair and will make all necessary repairs thereof at its own expense, except that Landlord will make all necessary structural repairs (except painting) to the exterior masonry walls and roof of the Leased Premises, after being notified in writing by Tenant of the need for such repairs, and shall have a reasonable time in which to complete such repairs. Tenant agrees to carry, throughout the term of this Lease and any renewal or extensions hereof, a maintenance and/or service agreement or policy on the HVAC system in the Leased Premises. Tenant shall provide Landlord with a copy of such policy or a certificate evidencing such coverage, prior to the commencement of the Lease term. In the event that the repairs required to be made by Landlord are necessitated as a result of negligence or misuse by Tenant, its agents, servants, employees, licensees or guests, or by any contractor engaged by or on behalf of Tenant, such repairs shall be made by and be paid for by Tenant. . Tenant will, at the expiration of the term or at the sooner termination thereof by forfeiture or otherwise, deliver up the Leased Premises in the same good order and condition as they were at the beginning of tenancy, reasonable wear and tear excepted. Tenant further agrees that it will maintain the Leased Premises at its own expense in a clean, orderly and sanitary condition, free of insects, rodents, vermin, and other pests; and that it will not permit undue accumulation of garbage, trash, rubbish or other refuse, but will remove the same at its own expense and will keep such refuse in proper containers within the interior of the premises until called for to be removed. Tenant further agrees that it will not install any additional electrical wiring or plumbing unless it has first obtained Landlord's written consent thereto, which shall not be unreasonably withheld conditioned or delayed, and, if such consent is given, Tenant will install the same at its own cost and expense, and Tenant shall obtain, at Tenant's expense, all permits required for such installation.

(b) In the event Tenant shall not proceed promptly and diligently to make any repairs or perform any obligation imposed upon it by subparagraphs (a) hereof within forty-eight (48) hours after receiving written notice from Landlord to make such repairs or perform such obligation, then and in such event, Landlord may, at its option, enter the Leased Premises and do and perform the things specified in said notice, without liability on the part of Landlord for any loss or damage resulting from any such action by Landlord, and Tenant agrees to pay promptly upon

demand any cost or expense incurred by Landlord in taking such action.

10. **ALTERATIONS:** Tenant further covenants that it will not make any alterations, additions, or changes of any kind to the Leased Premises, without first securing the written consent of Landlord, after submission of the plans therefor to Landlord. Landlord's consent to any requested alteration shall not be unreasonably withheld, conditioned or delayed. Any alterations, additions, or changes as Landlord shall permit in writing shall be made at Tenant's expense. Any such alterations, additions, or changes will, at the expiration of the Term, or the sooner termination thereof, become the property of Landlord; or, at Landlord's option, the Leased Premises shall be restored to its former condition at the expense of Tenant, provided, however, that Tenant shall have the right, so long as Tenant is not in default, to remove any trade fixtures or other fixtures installed by Tenant; provided further that Tenant shall be responsible for repair of any damages to the freehold occasioned by the removal thereof.

Tenant will, in making any alterations, additions, changes, or repairs, as well as in its use of the Leased Premises, fully comply at its expense with all federal and state laws, including the American with Disabilities Act, city or county ordinances, and regulations of all public authorities, as well as the requirements of the Association of Fire Underwriters, or similar governing insurance body, all at Tenant's expense. As a condition for approval of any alterations to be made by Tenant, Landlord may require Tenant to obtain: (a) policies of workers compensation, liability and property damage insurance naming Landlord as an additional insured; and (b) such assurances of Tenant's ability to complete and pay for such alterations as Landlord may reasonably require. Tenant covenants, at its own expense, promptly to comply with and do all things required by any notice served upon it or upon Landlord in relation to the Leased Premises or any part thereof, from any public authority, if the same shall be caused by Tenant's use of the Leased Premises, or any alteration, addition, or change thereof. Tenant will indemnify and hold harmless the Landlord from any cost of compliance with such laws and regulations, including costs and attorney fees in connection with any enforcement or related action brought by any governmental jurisdiction. Tenant covenants that no liens shall attach to the Leased Premises by virtue of any alterations, additions, or changes made by Tenant, and that if any such lien is filed, Tenant will cause the same to be removed within thirty (30) days by either court action or bonding off such claim.

Landlord may, at its option, discharge any such mechanics' lien not discharged by Tenant within such thirty-day period, and Tenant, upon demand, shall reimburse Landlord for any such expense incurred by Landlord including Landlord's attorneys fees. Any monies expended by Landlord shall be deemed Additional Rent, collectible as such by Landlord. Landlord shall not be liable for any labor or materials furnished or to be furnished to Tenant upon credit, and no mechanics' or other lien for labor or materials shall attach to or affect the reversionary or other estate or interest of Landlord in and to the Leased Premises or the building.

11. **SUBLETTING OR ASSIGNMENT:** Tenant covenants and agrees not to assign this Lease, in whole or in part, nor sublet the Leased Premises, or any part or portion thereof, nor grant any license or concession for all or any part thereof, without the prior written consent of the Landlord.

12. **INDEMNITY AND INSURANCE OF TENANT:** (a) Tenant covenants and agrees that from and after the earlier of the commencement of this Lease or the date of delivery of the Leased Premises from Landlord to Tenant, Tenant will carry and maintain, at its sole cost and expense and in the amounts specified and in the form hereinafter provided, the following types of insurance:

(i) **Commercial General Liability.** Commercial general liability insurance covering the Leased Premises and Tenant's use thereof against claims for bodily injury or death and property damage occurring upon, in or about the premises, such insurance to afford protection to the limit of not less than two million dollars (\$2,000,000) arising out of any one occurrence. The insurance coverage required under this section shall, in addition, extend to any liability of Tenant arising out of Tenant's indemnities hereinafter provided, as well as Independent Contractors' Liability, Products/Completed Operations Liability, Personal Injury Liability and Contractual Liability. If such insurance contains an annual aggregate limit, the annual aggregate limit may not be diminished by claims occurring at locations other than the premises (per location aggregate to apply).

(ii) **Boilers.** If Tenant's premises shall contain a boiler or other pressure vessel, Tenant shall carry Boiler and Machinery Insurance with a direct damage limit not less than

the full value of the building in which Tenant's premises are situated. Such insurance shall be written on a "repair and replacement" (replacement cost) basis.

(iii) Tenant Improvements and Property. Insurance covering all leasehold improvements, and other improvements installed by Tenant upon the Leased Premises, trade fixtures and personal property from time to time in, on or upon the Leased Premises and any alterations, improvements, additions or changes made by Tenant thereto in an amount not less than one hundred percent (100%) of their full replacement cost from time to time during the Lease term, providing protection against special causes of loss as defined within the property insurance form promulgated by the Insurance Services Office, Inc. Such insurance shall be on an agreed value (no coinsurance) basis and shall have a deductible of not more than one thousand dollars (\$1,000.00). Any policy proceeds from such insurance, so long as this Lease shall remain in effect, shall be held in trust by Tenant's insurance company first for the repair, reconstruction, restoration or replacement of any covered property in which Landlord has an insurable interest, before they are used for any other purpose.

(iv) Plate Glass. Plate glass insurance covering all plate glass in the Leased Premises. Tenant shall be and remain liable for the repair and restoration of all such plate glass.

(b) All policies of insurance to be provided by Tenant shall be issued in form acceptable to Landlord by insurance companies with general policyholder's rating of not less than A:XI as rated in the most current available "Best's" Insurance Reports, and qualified to do business in the state in which the premises are located. Each such policy shall be issued in the names of the Tenant and shall be for the mutual and joint benefit and protection of each of said parties. The Landlord will be named as an additional insured on all policies required of the Tenant. Executed copies of each such policy of insurance or a certificate thereof shall be delivered to Landlord within ten (10) days after the earlier of the commencement of this Lease or delivery of possession of the premises to Tenant and thereafter at least fifteen (15) days prior to the expiration of each such policy. As often as any such policy shall expire or terminate, renewal or additional policies shall be procured and maintained by Tenant in like manner and to like extent. All such policies of insurance shall contain a provision that the company writing said policy will give to Landlord at least thirty (30) days' notice in writing in advance of any cancellations, or lapse, or the effective date of any reduction in the amounts of insurance. In the event Tenant shall fail to promptly furnish any insurance herein required, Landlord may effect the same and Tenant shall promptly reimburse Landlord upon demand, as additional rent, the premium so paid by Landlord. If, upon Tenant's failure, rather than purchase separate insurance coverage, Landlord chooses to include Tenant's coverage under Landlord's insurance policies, then Tenant shall promptly reimburse Landlord upon demand, as additional rent, the greater of the increase in Landlord's premium resulting therefrom or One Thousand Dollars (\$1,000.00). All such public liability, property damage and other casualty policies shall be written as primary policies which do not contribute to and are not in excess of coverage which Landlord may carry with respect to any claims for which the Tenant is negligent or otherwise responsible. All such public liability and property damage policies shall contain a provision that Landlord shall nevertheless be entitled to recover under said policies for any loss occasioned to it, its servants, agents and employees by reason of the negligence of Tenant or any other named insured. Any insurance provided for may be affected by a policy or policies of blanket insurance, covering additional items or locations; provided, however, that (i) Landlord shall be named as an additional insured thereunder as its interests may appear; (ii) the coverage afforded Landlord will not be reduced or diminished by reason of the use of such blanket policy of insurance; (iii) any such policy or policies (except any covering the risks referred to in paragraph [i]), shall specify therein (or Tenant shall furnish Landlord with a written statement from the insurers under such policy specifying) the amount of the total insurance allocated to the "Tenant Improvements and Property" more specifically detailed in paragraph (iii), above; and (iv) the requirements set forth herein are otherwise satisfied. Any insurance policies herein required to be procured by Tenant shall contain an express waiver of any right of subrogation by the insurance company against the Landlord, and all other tenants or occupants of space in the building.

(c) Tenant shall, and does hereby, indemnify and hold harmless Landlord and any other parties in interest set forth in paragraph (b), above, from and against any and all liabilities, fines, claims, damages and actions, costs and expenses of any kind or nature (including attorneys' fees) and of anyone whatsoever (i) relating to or arising from the use and occupancy of the Leased Premises; (ii) due to or arising out of any mechanic's lien filed against the building, or any part thereof, for labor performed or for materials furnished or claimed to be furnished to Tenant, or (iii) due to or arising out of any breach, violation or nonperformance of any covenant, condition or

agreement in this Lease set forth and contained on the part of Tenant to be fulfilled, kept, observed or performed, unless such damage or injury shall be occasioned by the gross negligence or willful act or omission of the Landlord, in which event, Landlord shall indemnify and hold harmless Tenant to the extent of such gross negligence or willful act or omission. Notwithstanding the foregoing, Tenant shall at all times remain liable for, and indemnify and hold harmless Landlord as aforesaid against, any damage or injury arising from perils against which Tenant is required by this Lease to insure, regardless of the negligence or willful act or omissions of others. Notwithstanding the foregoing, any indemnification given in this Lease by the County is subject to the notice requirements and damages limitations stated in the Local Government Tort Claims Act, Md. Code Ann., Cts. & Jud. Proc. §§ 5-301, et seq. (2002 Repl. Vol.) (the "LGTC"); Md. Code Ann. Art. 25A, § 1A (2003 Repl. Vol.); and Md. Code Ann., Cts. & Jud. Proc. § 5-509 (2002 Repl. Vol.), (together the "County Indemnification Statutes"), all as amended from time to time, and that any indemnification given by the County in this Lease is not intended to create any rights or causes of action in any third parties or to increase the County's liability above the caps provided in the County Indemnification Statutes, as applicable.

(d) The Landlord will indemnify the County and save it harmless from and against any and all claims, actions, damages, liability and expense in connection with loss of life, personal injury and/or damage to property arising from or out of any occurrence upon or at the Premises, or the occupancy or use by Landlord of the Premises or any part thereof including the Common Areas, the Building and the Center, to such extent caused by any act or omission of Landlord, its agents, contractors, or employees, excepting claims arising out of the acts or omissions of the County, the County's agents, and employees, provided, however, that the County provides to Landlord within thirty 30 days of the receipt thereof, notice of any and all claims under which the County will rely on this indemnification. The Landlord shall indemnify the County against any penalty, damage or charge incurred or imposed by reason of Landlord's violation of any law or ordinance. Notwithstanding the foregoing, Landlord's liability shall be limited to the extent of those insurance coverage limits required under Section 4(b).

(e) Tenant will not do, or suffer to be done, anything in or about the Leased Premises, or keep or suffer to be kept, anything in or about the premises which will contravene or affect any policy of insurance against loss by fire or other hazards, including, but not limited to, public liability, now existing or which the Landlord may hereafter place thereon, or which will prevent the Landlord from procuring such policies in companies acceptable to Landlord at standard rates. Tenant will, at Tenant's sole expense, take all such actions and make any installations or alterations as may be necessary to obtain a reasonable reduction in the insurance rates for the Leased Premises and the building in which the Leased Premises are located (or, if the Leased Premises are a part of a building, any increase in the premium of any insurance on said entire building) caused by the occupancy of Tenant, the nature of the business carried on by Tenant in the Leased Premises, or otherwise resulting from any act of Tenant, its agents, servants, employees or customers, or anything done or suffered to be done by Tenant, its agents, servants, employees or customers.

13. TOTAL OR PARTIAL DESTRUCTION OF BUILDING: If the building is damaged by fire or other casualty but is not thereby rendered untenable in whole or in part, Landlord, at its own expense, subject to the limitations set forth in this Lease, shall cause such damage to be repaired, and the Annual Rent and Additional Rent shall not be abated. If by reason of any damage or destruction to the building, the building shall be rendered untenable in whole or in part: (i) Landlord, at its option, at its own expense, subject to the limitations set forth in this Lease, may cause the damage to be repaired, and the Annual Rent and Additional Rent shall be abated to the extent of such untenability as determined in the reasonable discretion of the Landlord or (ii) Landlord shall have the right, to be exercised by notice in writing delivered to Tenant within forty-five (45) days from and after the occurrence of such damage or destruction, to terminate this Lease, and the annual Rent and Additional Rent shall be adjusted as of such date of termination. In no event shall Landlord be obligated to expend for any repairs or reconstruction pursuant to this Paragraph an amount in excess of the insurance proceeds, if any, recovered by it and allocable to the damage to the building after deducting therefrom Landlord's reasonable expenses in obtaining such proceeds and any amounts required to be paid to Landlord's mortgagee.

Tenant covenants that it will give written notice to Landlord of any accident or damage, whether such accident or damage is caused by an insured or uninsured casualty, occurring in, on, or about the building within one (1) business day after Tenant has or should have had knowledge of the occurrence of such accident or damage.

Notwithstanding anything to the contrary in this Lease, any different procedure for the restoration of the Leased Premises that may be required by any mortgagee shall take precedence over, and be in lieu of, any contrary procedure provided for in this Lease.

14. ESTOPPEL CERTIFICATE: At any time, and from time to time, upon the written request of Landlord or any mortgagee, Tenant, within fifteen (15) days of the date of such written request, agrees to execute and deliver to Landlord and/or such Mortgagee, without charge and in a form satisfactory to Landlord and/or such mortgagee, a written statement: (a) ratifying this Lease; (b) confirming the commencement and expiration dates of the term of this Lease; (c) certifying that Tenant is in occupancy of the Leased Premises and that the Lease is in full force and effect and has not been modified, assigned, subleased, supplemented, or amended except by such writings as shall be stated; (d) certifying that all conditions and agreements under this Lease to be satisfied or performed by Landlord have been satisfied and performed except as shall be stated; (e) certifying that Landlord is not in default under the Lease and there are no defenses, set-offs, recoupments, or counterclaims against the enforcement of this Lease by Landlord, or stating the defaults, defenses, set-offs, recoupments and/or counterclaims claimed by Tenant; (f) reciting the amount of advance Rent, if any, paid by Tenant and the date to which such Rent has been paid; (g) reciting the amount of the Security Deposit held by Landlord, if any; and (h) containing any other information that Landlord or the mortgagee shall require. The Landlord shall submit the County's estoppel form to its Mortgagee as its proposed form of the estoppel certificate attached as Exhibit E. Tenant agrees to execute upon thirty (30) days' written notice, however, any legally permissible modifications to the estoppel certificate reasonably requested by Landlord's mortgagee. Time is of the essence.

The failure of Tenant to execute, acknowledge, and deliver to Landlord and/or any mortgagee a statement in accordance with the provisions of this Paragraph within the period set forth herein shall constitute an acknowledgment by Tenant that may be relied upon by any person holding or intending to acquire any interest whatsoever in the Leased Premises or the building, that this Lease has not been assigned, amended, changed, or modified, is in full force and effect, and that the Annual Rent and Additional Rent have been duly and fully paid not beyond the respective due dates immediately preceding the date of the request for such statement. Such failure shall also constitute as to any persons entitled to rely on such statements a waiver of any defaults by Landlord or defenses, set-offs, recoupments, or counterclaims against the enforcement of this Lease by Landlord that may exist prior to the date of the written request.

15. SUBORDINATION: Landlord shall have the absolute right at any time to encumber the Leased Premises set forth in this Lease. The Lease shall be subordinate to such encumbrance or encumbrances, provided that if the County is not in default, such subordination shall be upon the express condition that the Lease be recognized by the holder of the encumbrance and the rights of County shall remain in full force and effect during the initial Lease term or any extension thereof. In the event of a sale or transfer of the title to the aforesaid land and premises, any transferee shall be entitled to have this Lease subordinated to the lien and effect of any first deed of trust or mortgage to secure purchase money. The County agrees to execute subordination documents stating that the Lease is subordinated subject to the conditions in the Paragraph, within thirty (30) days of Landlord's or any transferee's written request.

This Lease is subject and subordinate to all prior recorded encumbrances on the Property.

16. ATTORNMEN: (a) If Landlord assigns this Lease or the rents hereunder to a creditor as security for a debt, Tenant shall, after written notice to Tenant of such assignment and upon demand by Landlord or the assignee, Tenant shall pay all sums thereafter becoming due Tenant hereunder to such assignee. Tenant shall also, upon receipt of such notice, have all policies of insurance required hereunder endorsed so as to protect the assignee's interest as it may appear and shall deliver such policies, or certificates thereof, to the assignee.

(b) If, at any time during the term of this Lease, the Landlord of the Leased Premises shall be the holder of a leasehold estate covering premises which include the Leased Premises, and if such leasehold shall terminate or be terminated for any reason, or if, at any time during the term of Lease a mortgage to which this Lease is subordinate shall be foreclosed, Tenant agrees at the election and upon demand of any owner of the building which include the Leased Premises, or of any mortgagee in possession thereof, or of any holder of a leasehold thereafter affecting premises which include the Leased Premises, or of any purchaser at foreclosure, to attorn, from time to time, to any such owner, mortgagee, holder or purchaser upon the terms and conditions set forth herein for the remainder of the term demised in this Lease. Notwithstanding the foregoing, that Tenant shall not be obligated to attorn unless: (i) Tenant is provided with thirty (30) days' written notice

from Landlord advising of the name and address to which future rent payments are to be directed; and (ii) if Tenant shall so request in writing, such holder, owner, mortgagee or purchaser shall execute and deliver to Tenant an instrument wherein said holder, owner, mortgagee or purchaser agrees that so long as Tenant performs all the terms, covenants and conditions of this Lease, on Tenant's part to be performed, Tenant's possession under the provisions of this Lease shall not be disturbed by such holder, owner, mortgagee or purchaser. In no event, however, shall Tenant be obligated to attorn to a future owner of the business in a manner which would otherwise be impermissible by applicable law in light of the Tenant being a governmental entity.

(c) The foregoing provisions shall inure to the benefit of any such owner, mortgagee, holder or purchaser and shall apply notwithstanding that this Lease may terminate upon the termination of any such leasehold estate or upon such foreclosure, and shall be self-operative upon any such demand, without requiring any further instrument to give effect to such provisions. Tenant, however upon demand of any such owner, mortgagee, holder or purchaser, agrees to execute, from time to time an instrument in confirmation of the foregoing provisions, satisfactory to any such owner, mortgagee, holder or purchaser, in which Tenant shall acknowledge such attornment and set forth herein and shall apply for the remainder of the term originally demised in this Lease.

17. CONDEMNATION: (a) If, during the term of this Lease, all or a substantial part of the Leased Premises shall be taken by or under power of eminent domain, this Lease shall terminate as of, and the rent (minimum and additional) shall be apportioned to and abate from and after, the date of taking. Except as set forth in paragraph (d) below, Tenant shall have no right to participate in any award or damages for such taking and hereby assigns all of its right, title and interest therein to Landlord. For the purposes of this paragraph, "a substantial part of the Leased Premises" shall mean such part that the remainder thereof is rendered inadequate for Tenant's business and that such remainder cannot practicably be repaired and improved so as to be rendered adequate to permit Tenant to carry on its business with substantially the same efficiency as before the taking.

(b) If, during the Lease term, less than a substantial part of the Leased Premises (as hereinabove defined) is taken by or under power of eminent domain, this Lease shall remain in full force and effect according to its terms; and except as set forth in paragraph (d) below, Tenant shall not have the right to participate in any award or damages for such taking and Tenant hereby assigns all of its right, title and interest in and to the award to Landlord. In such event Landlord shall, at its expense, promptly make such repairs and improvements as shall be necessary to make the remainder of the Leased Premises adequate to permit Tenant to carry on its business to substantially the same extent and with substantially the same efficiency as before the taking; provided that in no event shall Landlord be required to expend an amount in excess of the award received by Landlord for such taking. If, as a result of such taking, any part of the Leased Premises is rendered permanently unusable, the annual rent reserved hereunder shall be reduced in such amount as may be fair and reasonable, which amount shall not exceed the proportion which the area so taken or made unusable bears to the total area which was usable by Tenant prior to the taking. If the taking does not render any part of the Leased Premises unusable, there shall be no abatement of rent.

(c) For purposes of this section, "taking" shall include a negotiated sale or lease and transfer of possession to a condemning authority under bona fide threat of condemnation for public use, and Landlord alone shall have the right to negotiate with the condemning authority and conduct and settle all litigation connected with the condemnation. As hereinabove used, the words "award or damages" shall, in the event of such sale or settlement, include the purchase or settlement price.

(d) Nothing herein shall be deemed to prevent Tenant from claiming and receiving from the condemning authority, if legally payable, compensation for the taking of Tenant's own tangible property and such amount as may be payable by statute or ordinance toward Tenant's removal and relocation expenses.

18. DEFAULT OF TENANT - REMEDIES OF LANDLORD:

(a) Any of the following events shall constitute an Event of Default by Tenant:

(i) If the rent (minimum or additional) shall be in arrears, in whole or in part;

or

(ii) If Tenant shall have failed to perform any other term, condition, or covenant of this Lease on its part to be performed for a period of fifteen (15) days after notice of such failure from Landlord; or

(iii) If the Leased Premises are vacant, unoccupied or deserted for a period of thirty (30) consecutive days or more at any time during the term; or

(iv) If Tenant's leasehold interest under this Lease is sold under execution, attachment or decree of court to satisfy any debt of Tenant, or if any lien (including a mechanic's lien) is filed against Tenant's leasehold interest and is not discharged within fifteen (15) days thereafter.

(b) Upon the occurrence of an Event of Default as defined in paragraph (a) hereof, Landlord, in addition to any and all legal and equitable remedies it may have, shall have the following remedies:

(i) To distrain for any rent or additional rent in default; and

(ii) At any time after default, to declare this Lease terminated and enter the Leased Premises.

(c) Notwithstanding such reentry and/or termination, Tenant shall immediately be liable to Landlord for the sum of the following: (a) all rent and additional rent then in arrears, without apportionment to the termination date; (b) all other liabilities of Tenant and damages sustained by Landlord as a result of such Event of Default, including, but not limited to, the reasonable costs of reletting the premises and any broker's commissions payable as a result thereof; (c) all of Landlord's costs and expenses (including reasonable counsel fees) in connection with such default and recovery of possession; (d) the difference between the rent reserved under this Lease for the balance of the term and the fair rental value of the premises for the balance of the term to be determined as of the date of reentry; or at Landlord's option in lieu thereof, Tenant shall pay the amount of the rent and additional rent reserved under this Lease at the times herein stipulated for payment of rent and additional rent for the balance of the term, less any amount received by Landlord during such period from others to whom the premises may be rented on such terms and conditions and at such rentals as Landlord, in its sole discretion, shall deem proper; and (e) any other damages recoverable by law. If Tenant commits an Event of Default, Tenant shall pay to Landlord all costs and expenses incurred by Landlord as a result thereof, including a reasonable attorney's fees.

(d) Landlord shall in no event be liable in any way for failure to relet the Leased Premises or, in the event that the Leased Premises are relet, for failure to collect the rent thereof under such reletting. No act of Landlord shall be deemed to be an acceptance of a surrender of the Leased Premises, unless Landlord shall execute a written agreement of surrender with Tenant. Tenant's liability hereunder shall not be terminated by the execution of a new lease of the Leased Premises by Landlord.

(e) No provision of this Lease shall be deemed to have been waived by Landlord unless such waiver shall be in writing signed by Landlord. No payment by Tenant or receipt by Landlord of a lesser amount than the monthly installments of rent herein stipulated shall be deemed to be other than on account of the earliest stipulated rent nor shall any endorsement or statement of any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction unless otherwise agreed to in writing by Landlord, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or its rights to pursue any other remedy.

(f) Notwithstanding the foregoing, and except with respect to matters of bankruptcy or insolvency, before an Event of Default shall be deemed to have occurred, the Tenant shall be entitled to a period of five (5) days after written notice in which to cure any matters of monetary default. For matters of non-monetary Events of Default, the Tenant shall have thirty (30) days after written notice in which to cure any default or if not possible to be cured within such period then begun within such period and then diligently pursued to completion, provided Tenant employs diligent and good faith efforts to cure such default. Time is of the essence.

(g) Landlord shall employ commercially reasonable efforts to mitigate its

damages in the event of a default by Tenant.

(h) Nothing in this Section 16 shall impair or prejudice the Tenant's rights to terminate this Lease as set forth in Section 38 (Non-Appropriation).

19. **SURRENDER OF PREMISES:** At the expiration or earlier termination of the Term of this Lease, Tenant shall peaceably surrender the Leased Premises in broom clean condition and good order and repair and otherwise in the same condition as the Leased Premises was upon the commencement of this Lease, except for ordinary wear and tear. If during the term of this Lease the Tenant desires to make any improvements or alterations to the Leased Premises (and as a condition precedent to Tenant's right to undertake such construction or alteration) the Parties shall execute at that time a written memorandum specifying whether such improvements or alterations are to remain, or whether they are to be removed at Tenant's expense. With regard to any Tenant improvements or alterations for which the Tenant has failed to secure a signed memorandum as set forth above, Landlord shall have the option: to direct that said improvements shall remain as a part of the Leased Premises; or to direct the Tenant remove said improvements at its expense upon the termination of the Lease. Tenant's obligation to observe and perform the covenants set forth in this Paragraph shall survive the expiration or earlier termination of this Lease.

20. **TENANT HOLDING OVER:** In the event Tenant shall not immediately surrender the Leased Premises on the day after the end of the term hereby created, then Tenant shall, by virtue of this agreement, become a tenant by the month at one hundred fifty percent (150%) the rent per month of the monthly installment of rent agreed by the Tenant to be paid as aforesaid, with said monthly tenancy commencing with the first day of the month after the end of the term above demised; and said Tenant as a monthly tenant shall be subject to all conditions and covenants of this Lease as though the same had originally been a monthly tenancy; and Tenant shall give to Landlord at least thirty (30) days' written notice to quit said premises; provided, however, that in the event Tenant shall hold over after the expiration of the term hereby created, and if Landlord shall desire to regain possession of the Leased Premises promptly at expiration of the term aforesaid, then at any time prior to Landlord's acceptance of rent from Tenant as a monthly tenant hereunder, Landlord, at its option, may forthwith reenter and take possession of the Leased Premises without process, or by any legal process in force in the state, city or county in which the Leased Premises is located.

21. **ENVIRONMENTAL PROVISIONS:** (a) Tenant and its successors and assigns shall use and operate the building, the Property and the Leased Premises, respectively, at all times during the term hereof, under and in compliance with all federal and State of Maryland laws and regulations, and in compliance with all applicable Environmental Legal Requirements. For purposes of this Lease, "Environmental Legal Requirements" shall mean any applicable law relating to public health, safety or the environment, including, without limitation, relating to releases, discharges or omissions to air, water, land or groundwater, to the withdrawal or use of groundwater, to the use and handling of polychlorinated biphenyls ("PCB's") or asbestos, or asbestos containing products, to the disposal, treatment, storage or management of solid or other hazardous or harmful wastes or to exposure to toxic, hazardous or other harmful materials (collectively "Hazardous Substances") to the handling, transportation, discharge or release of gaseous or liquid substance and any regulation or final order or directive issues pursuant to such statute or ordinance, in each case applicable to the premises, the building or its operation, construction or modification, including without limitation the following: the Clean Air Act, the Federal Water Pollution Control Act ("FWPCA"), the Safe Drinking Water Act, the Toxic Substances Control Act, the Comprehensive Environmental Response Compensation and Liability Act, as amended by the Solid and Hazardous Waste Amendments of 1984 ("RCRA"), the Occupational Safety and Health Act, the Emergency Planning and Community Right-to-Know Act of 1986, the Solid Waste Disposal Act, and any state statutes addressing similar matters, and any state statute providing for financial responsibility for clean-up or other actions with respect to the release or threatened release of any of the above-referenced substances.

(b) Tenant hereby indemnifies and saves Landlord harmless from all liabilities and claims arising from the use, storage or placement of any Hazardous Substances upon the premises or elsewhere within the Building or property of Landlord (if brought or placed thereon by Tenant, its agents, employees, contractors or invitees); and Tenant shall (i) within fifteen (15) days after written notice thereof, take or cause to be taken, at its sole expense, such actions as may be necessary to comply with all Environmental Legal Requirements and (ii) within fifteen (15) days after written demand therefor, reimburse Landlord for any amounts expended by Landlord to comply with any Environmental Requirements with respect to the premises or with respect to any

other portions of Landlord's Building or property as the result of the placement or storage of Hazardous Substances by Tenant, its agents, employees, contractors or invitees, or in connection with any judicial or administrative investigation or proceeding relating thereto, including, without limitation, reasonable attorneys' fees, fines or other penalty payments.

(c) For purposes of this provision, Tenant shall be conclusively deemed to have violated the Environmental Legal Requirements if (i) any notice or order is directed to either Landlord or Tenant by any governmental agency, body, or court alleging that such violation has occurred; or (ii) if Landlord obtains and delivers to Tenant a report prepared by an engineer or other party engaged in the business of testing or determining the existence of Hazardous Substances, which report states that there are Hazardous Substances used, stored or placed upon the premises. In the event Tenant is deemed to have violated any of the Environmental Legal Requirements as set forth in the preceding sentence, Landlord shall have the right and option, after fifteen (15) days prior written notice to Tenant, to terminate this lease by written notice thereof to Tenant, in which event Landlord shall retain all rights and remedies, and Tenant shall be subject to all liabilities, set forth in Article 13 of this lease notwithstanding such termination. Notwithstanding the foregoing, Tenant shall be permitted to lawfully use and store (but not service) vehicles and equipment for police, fire and rescue protection and homeland security use.

(d) Landlord represents that to its knowledge, the Leased Premises are free from any unlawful environmental contamination as of the date of execution of this Lease.

22. TRANSFER OF LANDLORD'S INTEREST: (a) Except as herein provided, this Lease and the covenants and conditions herein contained shall inure to the benefit of and be binding upon Tenant, its successors and assigns, and shall inure to the benefit of Tenant and only such assignees of Tenant to whom an assignment by Tenant has been consented to in writing by Landlord. In the event more than one person, firm or corporation is named herein as Tenant, the liability of all parties named herein as Tenant shall be joint and several.

(b) In the event Landlord's interest under this Lease is transferred or assigned and written notice thereof is given to Tenant, the Landlord herein named (or any subsequent assignee or transferee of Landlord's interest under this Lease who gives such notice to Tenant) shall automatically be relieved and released from and after the date of such transfer or conveyance from all liability hereunder accruing after such transfer or assignment. Further, Tenant specifically agrees to look solely to Landlord's interest in the building for the recovery of any judgment from Landlord, it being agreed that Landlord shall never be personally liable for any such judgment. The provision contained in the foregoing sentence is not intended to, and shall not, limit any right that Tenant might otherwise have to obtain injunctive relief against Landlord or Landlord's successors in interest or any other action not involving the personal liability of Landlord to respond in monetary damages from assets other than Landlord's interest in the building or any suit or action in connection with enforcement or collection of amounts which may become owing or payable under or on account of insurance maintained by Landlord.

23. WATER AND OTHER DAMAGE: Landlord shall not be liable for, and Landlord is hereby released and relieved from, all claims and demands of any kind by reason of or resulting from damage or injury to person or property of Tenant or any other party, directly or indirectly caused by (a) dampness, water, rain or snow, in any part of the premises or in any part of any other property of Landlord or of others, and/or (b) falling plaster, steam, gas, electricity, or any leak or break in any part of the Leased Premises or from any pipes, appliances or plumbing or from sewers or the street or subsurface or from any other place or any part of any other property of Landlord or of others or in the pipes of the plumbing or heating facilities thereof, no matter how caused.

24. RIGHT OF ENTRY: Landlord and its agents, servants, employees, including any builder or contractor employed by Landlord, shall have the absolute and unconditional right, license and permission, at any and all reasonable times with prior notice, to enter and inspect the Leased Premises or any part thereof, and at the option of Landlord, to make such reasonable repairs and/or changes in the premises as Landlord may deem necessary or proper and/or to enforce and carry out any provision of this Lease.

25. FORCE MAJEURE: This Lease and the obligation of Tenant to pay Rent hereunder and perform all of the other covenants and agreements hereunder on the part of Tenant to be performed shall not be affected, impaired, or excused because Landlord is unable to fulfill any of its obligations under this Lease or is unable to supply, or is delayed in supplying, any service to be

supplied by it under the terms of this Lease or is unable to make, or is delayed in making, any repairs, additions, alterations, or decorations or is unable to supply, or is delayed in supplying, any equipment or fixtures, if Landlord is prevented or delayed or otherwise hindered from doing so by reason of any outside cause whatsoever, including, without limitation, acts of God; fire; earthquake; flood; explosion; action of the elements; declared or undeclared war; riots; civil disturbances; inability to procure or a general shortage of labor, equipment, energy, materials, or supplies in the open market; breakage or accident to machinery; partial or entire failure of utilities; failure of transportation; strikes; lockouts; action of labor unions; condemnation; injunction; court order or decree; governmental preemption; any rule, order, or regulation of any department or subdivision of any government agency; or the conditions of supply and demand that have been or are affected by war or other emergency. Similarly, Landlord shall not be liable for any interference with any services supplied to Tenant by others. Nothing contained in this Section shall be deemed to impose any obligation on Landlord not expressly imposed by other provisions of this Lease.

26. **FOR RENT/SALE SIGNS:** Landlord shall have the right to place a "For Rent" sign on any portion of the Leased Premises for six (6) months prior to termination of this Lease and to place a "For Sale" sign thereon at any time upon notice to County. During such six-month period, Landlord may show the Leased Premises and all parts thereof to prospective tenants between the hours of 9:00 a.m. and 5:00 p.m. on any day except Sunday or any legal holiday on which Tenant shall not be open for business.

27. **PARKING:** Fifty (50) free and unreserved parking spaces. Landlord reserves the right to reasonably regulate the parking areas and other common areas of the Property.

28. **SIGNS, ETC.:** Tenant shall be permitted exterior signage, as approved by the Landlord and the City of Rockville. The exact location shall be mutually agreed upon by Landlord and Tenant and shall be in compliance with all local government restrictions that apply. Tenant covenants that it will not place or permit any new signs, lights, awnings, poles or items of advertising of any type in or about the Leased Premises without the written permission of Landlord, which permission shall not be unreasonably withheld. Tenant further covenants that it will not paint or make any change in or on the exterior of the Leased Premises without the permission of Landlord in writing. Tenant agrees that it will do nothing on the exterior of the Leased Premises to change the architecture, paint, or appearance of the Leased Premises or the building without the written consent of Landlord.

29. **WAIVER OF JURY:** THE TENANT AND LANDLORD WAIVE ANY AND ALL RIGHT TO A TRIAL BY JURY OF ANY ISSUES, RIGHTS, OBLIGATIONS OR OTHER MATTERS ARISING UNDER THIS LEASE OR RELATING IN ANY WAY TO THEIR LANDLORD/TENANT RELATIONSHIP.

30. **WAIVER:** Any waiver of any covenant or condition of this Lease by either the Landlord or Tenant shall extend to the particular case only, and only in the manner specified, and shall not be construed as applying to or in any way waiving any further or other rights hereunder. The exercise of any of the options aforesaid shall not be construed as a waiver of Landlord's right to recover actual damages for any breach in an action at law, or to restrain any breach or threatened breach in equity or otherwise. Acceptance of rent with knowledge of default shall not be a waiver of that default, and acceptance of partial payment shall not be deemed acceptance of the full amount owed nor prejudice Landlord's right to recover the balance owed or to pursue any remedy available to it.

31. **RECORDATION OF LEASE:** Tenant agrees that it will, upon Landlord's request, execute a Memorandum of the Lease in a form acceptable to County and suitable for recording under applicable Maryland law. The party recording such Memorandum of Lease shall pay all costs of recordation, including transfer taxes and documentary stamp taxes thereon. County may record lease at County's expense.

32. **NOTICES:** All notices required or desired to be given in accordance with this Lease by either party must be given by first class mail with a nationally recognized receipted delivery service, postage prepaid, addressed to the County or Landlord, respectively. Notices to the Parties must be addressed as follows:

THE COUNTY:

Montgomery County, Maryland
Department of Public Works and Transportation
Office of Real Estate
101 Monroe Street, 10th Floor
Rockville, Maryland 20850

With a copy that does not constitute notice to:

Office of the County Attorney
101 Monroe Street, 3rd Floor
Rockville, Maryland 20850
Attn: County Attorney

THE LANDLORD:

Name: Investment Properties Inc.
Address: 11 North Washington St. # 200
Rockville Md. 20850
Phone: 301-424-4727

Either party may, at any time, or from time to time, designate in writing a substitute address for that above set forth, and thereafter all notices to such party shall be sent by certified mail to such substitute address.

33. **AGENCY:** Tenant represents and warrants to Landlord that Tenant has not dealt with any realtor, broker, agent or finder in connection with this Lease other than Investment Properties Inc. ("Landlord's Agent") in connection with this transaction and agrees to indemnify Landlord and Investment Properties, Inc. from any claim for the payment of a brokerage commission or fee. Tenant shall indemnify and hold Landlord harmless from and against any loss, claim, damage, expense or liability for any compensation, commission or charges claimed by any other realtor, broker agent or finder claiming to have dealt with Tenant in connection with this Lease other than the Tenant's Agent and the Landlord's Agent.

34. **SEPARABILITY:** If any term or provision of this Lease or the application thereof to any person or circumstance shall be held to be invalid or unenforceable, then and in each such event the remainder of this Lease or the application of such term or provision to any other person or any other circumstance shall not be thereby affected, and each term and provision hereof shall remain valid and enforceable to the fullest extent permitted by law.

35. **RULES AND REGULATIONS:**

(a) Tenant agrees to abide by the rules and regulations established by Landlord with respect to the Leased Premises, which rules and regulations are annexed hereto as Exhibit "C". Landlord reserves the right to adopt additional reasonable rules and regulations applicable to the Premises and to amend and supplement such rules and regulations provided said amendments do not unreasonably hinder or interfere with the Tenant's use of the Leased Premises. Notice of such rules and regulations and of any amendments and supplements thereto shall be given to Tenant in writing.

(b) Tenant hereby agrees to comply with the conditions of all municipal approvals and any recorded covenants and restrictions affecting the Leased Premises.

(c) In the event Tenant shall fail (after notice and reasonable opportunity to cure) to comply and observe such rules and regulations, municipal approvals, restrictions, including but not limited to deed restrictions and covenants, it shall constitute an event of default under Paragraph 27 hereof.

36. **RELOCATION:** Intentionally Deleted

37. **ADDITIONAL RENT:** All sums of money required to be paid by Tenant to Landlord pursuant to the terms of this Lease, unless otherwise specified herein, shall be considered additional rent and shall be collectible by Landlord as additional rent, in accordance with the terms of this

Lease. Nothing herein contained shall be deemed to suspend or delay the payment of any amount of money or charge at the time the same becomes due and payable hereunder or to limit any other remedy of Landlord.

38. NON-APPROPRIATION:

a. Obligations Subject to Appropriation. Landlord and Tenant acknowledge and agree that, so long as Montgomery County, Maryland (the "County") is the Tenant hereunder; this lease is subject to annual appropriation of funds. Tenant agrees to annually propose authorization of sufficient appropriations, and all approvals, authorizations or consents required to fund and perform this Lease for the County's succeeding fiscal year; provided, however, that Landlord acknowledges that this sentence shall not be binding upon the county council for Montgomery County.

b. Effect of Failure to appropriate. If despite the Tenant's pursuit of authorization for appropriation as described above the County fails to appropriate, on or before the County's other obligations under the Lease for the County's next fiscal year (i.e., the period commencing on the next July 1st and ending the following June 30th), Tenant will promptly notify Landlord of such fact, and this Lease will automatically terminate upon forty-five (45) days after such notice, or such later date as the County shall prescribe. If this Lease is terminated pursuant to this section, Tenant shall not make or be entitled to any claim for reimbursement of any kind, whether for improvements or prepaid items. Upon termination of the Lease for the reason set forth above, Tenant shall pay to the Landlord a Lease Termination Fee equal to six (6) months of the Tenant's Minimum Rent and Additional Rent Obligations then in effect. Said Lease Termination Fee shall be in addition to Tenant's other rent obligations accruing through the later to occur of (i) the prescribed termination date of the Lease, or (ii) the date the Tenant vacates the Premises in the manner prescribed by this Lease.

39. ACKNOWLEDGEMENT CONCERNING STATUTORY LIMITATIONS:

[NOTE: Substitute language to be proposed by County.]

40. **NON-DISCRIMINATION:** The Landlord agrees to comply with the non-discrimination in employment policies in County contracts as required in Sections 11B-33 and 27-19 of the Montgomery County Code, (2004, as amended from time to time), as well as all other federal, state and local laws, rules, and regulations regarding employment discrimination. By signing this Lease, the Landlord assures the County that in accordance with applicable law, it does not, and agrees that it will not engage in any employment discrimination in violations of the above sections of the Montgomery County Code as well as any other federal, state or local laws, rules and regulations.

41. **ETHICS REQUIREMENT:** The Landlord understands and agrees that unless authorized pursuant to Section 11B-52 and Chapter 19A of the Montgomery County Code (2004) as amended, that it is unlawful for any person or entity transacting business with the County to employ a public employee for employment contemporaneous with his or her public employment.

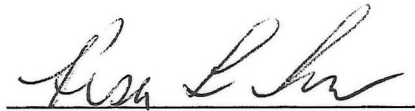
42. **CONTRACT SOLICITATION/BROKER'S FEES OR COMMISSIONS:** The Landlord represents that it has not retained anyone to solicit or secure this Lease from Montgomery County, Maryland, upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, except from bona fide employees or bona fide established commercial, selling or leasing agencies retained by the Landlord for the purpose of securing business or an attorney rendering professional legal service consistent with applicable canons of ethics.

43. **EXTENSION TERM:** Upon the expiration of the Term, Tenant shall have the option to extend the term of this Lease for one (1) period of five (5) years, provided that Tenant gives the Landlord no less than one hundred eighty (180) days' prior written notice of its unconditional and irrevocable exercise of said option. The Tenant's rights hereunder are further conditioned upon the Tenant not then being in default hereunder. In the event Tenant exercises its option to extend the term of this Lease, all provisions of this Lease shall apply during the extended term, except that the Minimum Rent shall escalate as hereinafter set forth. The Minimum Rent for each initial year of an Extension Term shall be the greater of: (i) three percent (3%) more than the Annual Minimum Rent then in effect during the last year of the Initial Term or (ii) the then prevailing market rent within thirty (30) days of the time Tenant exercises its option.

44. **MISCELLANEOUS:** This Lease constitutes the entire agreement between the parties in respect of the leasing of the Leased Premises. The terms of this Lease supersede any prior written agreements or memoranda prepared or executed by the Parties. There are no oral agreements between the Parties in connection herewith. This Lease shall be governed and controlled by the laws of the State of Maryland.

IN WITNESS WHEREOF, the Parties hereto have caused these presents to be duly executed as of the date first above written.

WITNESS:



LANDLORD:

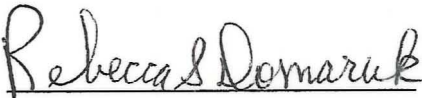
**INVESTMENT PROPERTIES, INC.,
Agent for Dover Properties Two, LLC**



By: James F. Whalen, President

TENANT:

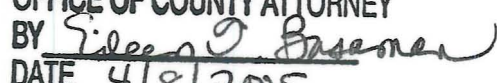
Montgomery County Maryland





**Paul Folkers
By: ~~Joseph F. Beach~~, Assistant Chief
Administrative Officer**

Fire Dept LEASE 2 redline 3

**APPROVED AS TO
FORM AND LEGALITY
OFFICE OF COUNTY ATTORNEY
BY 
DATE 4/8/2005**

EXHIBITS

- 1. Sketch Plat of Leased Premises "A"**
- 2. Landlord's Work..... "B"**
- 3. Design & Construction Schedule..... "C"**
- 4. Landlord's Rules and Regulations..... "D"**
- 5. County Form of Estoppel "E"**

EXHIBIT 'B'

- I. **Landlord's Work:** Landlord shall construct, at its expense Tenant's demising walls. The demised area shall be delivered "as is" in a "cold dark shell" condition with the following characteristics: Two (2) loading docks 48" above grade with manually operated doors and the existing gas fired ceiling mounted space heaters for the warehouse (in current location).
- II. **Allowance:** Landlord shall provide Tenant the sum of Sixty-Seven Thousand Dollars (\$67,000.00) as an improvement allowance. This allowance shall be used for design and construction of building improvements beyond the scope of Landlord's work. The Tenant, at Tenant's expense, will install all offices, restrooms, racking, trade fixtures and signs. The Tenant will have access to the space while the Landlord is completing the Landlord's improvements in order to install these improvements. Landlord shall pay the improvement allowance to Tenant within thirty (30) days of notification from Tenant that the Tenant's improvements are complete. Tenants improvements shall be deemed complete upon receipt of an occupancy permit from the City of Rockville and a receipt of final release of liens certificate from Tenants contractors.
- II. **Design and Construction Management:** Tenant, at Tenant's option and expense, may engage Landlord and Landlord's general contractor to manage the design and construction of Tenant's improvements. The Landlord's and general contractor's charges for construction management and coordination fees associated with Tenant improvements shall be included as a cost element of the improvement allowance. The general contractor's charges for construction management and coordination fees shall be assessed in accordance with the bid accepted pursuant to the Design and Construction Schedule attached hereto as Exhibit "C". In no event, however, shall such charges exceed six percent (6%) of the total cost of the Tenant improvements. The Landlord's charges for construction management and coordination fees shall be calculated at the rate of five (5%) percent of the total cost of the design and construction of Tenant's improvements. Tenant may inspect the work to assure that it has been completed in a workmanlike manner and in accordance with the submitted drawings. Tenant shall be solely responsible for the amount of any Tenant Improvement Costs exceeding the \$67,000 allowance. Invoices (together with appropriate supporting documentation) will be submitted monthly and shall be paid by County within fifteen (15) business days of receipt. The invoice amount will be for the work completed and stored as of the invoice date less five percent (5%) retainage. The final invoice shall be submitted upon completion of the work, which is defined as the date upon which: (i) the improvements to be constructed are substantially completed, notwithstanding that minor or insubstantial details of construction, mechanical adjustment or decoration remain to be performed, the non-completion of which would not materially affect Tenant's use or the appearance of the Demised Premises; (ii) Landlord has procured a Certificate of Occupancy permitting the occupancy of the Demised Premises for the purposes permitted by the Lease; and (iii) Landlord delivers possession of the Demised Premises to the County. County's taking of possession of the Demised Premises shall be deemed to be its acceptance of the condition of the Demised Premises, subject punch list items.

Landlord and County shall use commercially reasonable efforts to complete any punch list items on the list of items submitted by Tenant to Landlord, within thirty (30) days following the completion date or such additional period as may be reasonably required. The term "Punch List Items" shall mean details of construction, decoration and mechanical adjustment which, in the aggregate, are minor in character and do not materially interfere with Tenant's use or enjoyment of the Demised Premises.

Landlord shall transfer all assignable warranties for the work to Tenant.

EXHIBIT C

DESIGN & CONSTRUCTION SCHEDULE

1. Landlord, at Tenant's request and expense, has previously retained Stephen Aylward, AIA, to prepare its permit and bid set drawings (the "Construction Documents") for Tenant's improvements to the Leased Premises to be made at Tenant's expense.
2. Within five (5) business days of the later of: (i) the execution of this Lease; or (ii) Landlord's receipt of the Construction Documents in acceptable form, Landlord or its general contractor shall have five (5) business days to submit the Construction Documents for bid to at least three (3) subcontractors selected by Landlord and reasonably approved by Tenant so that there are at least three (3) complete bids as to all material portions of the construction work.
3. Landlord shall promptly provide the Tenant with a copy of all bids submitted to the Landlord. Upon the parties' receipt of three (3) subcontractor bids, Landlord shall have ten (10) business days to review and qualify the subcontractor bids, and to submit to the Tenant for its approval the final cost of work, which shall be defined as the sum of the low subcontractor bid, together with the general contractor's and Landlord's related costs and fees (the "General Conditions") incurred to complete the Tenant improvements (the "Final Cost of Work").
4. Thereafter, the Tenant shall have three (3) business days to approve or disapprove the Final Cost of Work. The final negotiated price of the approved bid for the construction of the Tenant improvements shall be subject to the Tenant's reasonable approval. In the event the Tenant does not approve the price of the approved bid, any delays resulting from Tenant's negotiations of price adjustments shall be subject to the Tenant Delay provisions set forth in this Lease.

EXHIBIT D
RULES AND REGULATIONS

1. Tenant will not place any signs on the Property without Landlord's prior written consent. All signage must comply with all applicable laws, codes and regulations, including, without limitation, zoning and building codes. No advertisements, pictures or signs of any sort may be displayed on or outside the Premises without the prior written consent of Landlord. This prohibition includes any portable signs or vehicles placed within the parking lot, common areas or on streets adjacent thereto for the purpose of advertising or display. Landlord has the right to remove any such unapproved item without notice and at Tenant's expense.
2. Tenant may not park or store motor vehicles, trailers or containers outside the Premises after the conclusion of normal daily business activity except in approved areas specifically designated by Landlord.
3. Tenant may not use any method of heating or air-conditioning other than that supplied by Landlord without the prior written consent of Landlord.
4. All window coverings and window films or coatings installed by Tenant and visible from outside of the building require the prior written approval of Landlord. Except for dock shelters and seals as may be expressly permitted by Landlord, no awnings or other projections may be attached to the outside walls of the building.
5. Tenant may not use, keep or permit to be used or kept any foul or noxious gas or substance on, in or around the Premises unless approved by Landlord. Tenant may not use, keep or permit to be used or kept any flammable or combustible materials without proper governmental permits and approvals.
6. Tenant may not use, keep or permit to be used or kept food or other edible materials in or around the Premises in such a manner as to attract rodents, vermin or other pests. Tenant may not permit cooking in or about the Premises other than in microwave ovens.
7. Tenant may not use or permit the use of the Premises for lodging or sleeping, for public assembly, or for any illegal or immoral purpose.
8. Tenant may not alter any lock or install any new locks or bolts on any door at the Premises without the prior written consent of Landlord. Tenant agrees not to make any duplicate keys without the prior consent of Landlord.
9. Tenant will park motor vehicles only in those general parking areas as designated by Landlord except for active loading and unloading. During loading and unloading of vehicles or containers, Tenant will not unreasonably interfere with traffic flow within the industrial park and loading and unloading areas of other tenants.
10. Storage of propane tanks, whether interior or exterior, will be in secure and protected storage enclosures approved by the local fire department and, if exterior, shall be located in areas specifically designated by Landlord. Safety equipment, including eye wash stations and approved neutralizing agents, will be provided in areas used for the maintenance and charging of lead-acid batteries. Tenant will protect electrical panels and building mechanical equipment from damage from forklift trucks.
11. Tenant will not disturb, solicit or canvas any occupant of the Building or industrial park and will cooperate to prevent same.
12. No person may go on the roof of the Property without Landlord's permission except to perform obligations under its lease.
13. No animals (other than seeing eye dogs) or birds of any kind may be brought into or kept in or about the Premises.

14. Machinery, equipment and apparatus belonging to Tenant which cause noise or vibration that may be transmitted to the structure of the Building to such a degree as to be objectionable to Landlord or other tenants or to cause harm to the Building will be placed and maintained by Tenant, at Tenant's expense, on vibration eliminators or other devices sufficient to eliminate the transmission of such noise and vibration. Tenant will cease using any such machinery that causes objectionable noise and vibration that can not be sufficiently mitigated.

15. All goods, including material used to store goods, delivered to the Premises of Tenant will be immediately moved into the Premises and will not be left in parking or exterior loading areas overnight.

16. Tractor trailers which must be unhooked or parked with dolly wheels beyond the concrete loading areas must use steel plates or wood blocks of sufficient size to prevent damage to the asphalt paving surfaces. No parking or storing of such trailers will be permitted in the auto parking areas of the industrial park or on streets adjacent thereto.

17. Forklifts which operate on asphalt paving areas may not have solid rubber tires and may use only tires that do not damage the asphalt.

18. Tenant will be responsible for the safe storage and removal of all pallets. Pallets will be stored behind screened enclosures at locations approved by the Landlord.

19. Tenant will be responsible for the safe storage and removal of all trash and refuse. All such trash and refuse will be contained in suitable receptacles stored behind screened enclosures at locations approved by Landlord. Landlord reserves the right to remove, at Tenant's expense and without further notice, any trash or refuse left elsewhere outside of the Premises or in the industrial park.

20. Tenant may not store or permit the storage or placement of goods or merchandise in or around the common areas surrounding the Premises. No displays or a sale of merchandise is allowed in the parking lots or other common areas.

21. Tenant will appoint an Emergency Coordinator who shall be responsible for assuring notification of the local fire department in the event of an emergency, assuring that sprinkler valves are kept open and implementing the Factory Mutual "Red Tag Alert" system including weekly visual inspection of all sprinkler system valves on or within the Premises. Tenant will provide Landlord access to fire protection and any related communications equipment in the Premises at all times.

Received on behalf of Tenant
by: Paul J. [Signature]
Tenant

APPROVED AS TO
FORM AND LEGALITY
OFFICE OF COUNTY ATTORNEY
BY Wileen J. [Signature]
DATE 4/8/2005

EXHIBIT E

TENANT ESTOPPEL CERTIFICATE

To: , its successors and/or assigns ("Lender")
 , its successors and/or assigns ("Purchaser")

Re: Property Address: ("Property")
Lease Date:
Between ("Landlord") and
Montgomery County, Maryland ("Tenant")
Square Footage Leased:
Suite No./Floor: ("Premises")

Landlord has requested that Tenant provide Landlord with an estoppel certificate as permitted from time to time under the terms of the above-referenced lease ("Lease"). Tenant hereby acknowledges the following:

- (1) The Lease and all amendments to the Lease attached as Exhibit "A" is a true, correct, and complete copy of the Lease, as amended; is in full force and effect; and has not been modified, supplemented, or amended in any way other than in writing attached as part of Exhibit A. The Lease as amended in Exhibit A represents the entire agreement between the Landlord and Tenant as to the Premises or any part of the Premises.
- (2) The Lease Term commenced on _____, and terminates on _____. The Lease provides for _____ renewal/extension option(s) of _____ (months/years) each. Tenant has exercised _____ renewal/extension options on the date that this Certificate is issued by Tenant.
- (3) The amount of fixed monthly rent is \$ _____; the monthly common area or other charges are \$ _____. The base year for operating expenses and real estate taxes, as defined in the Lease, is calendar year 200_. Except the first installment of rent, no rent has been paid more than one (1) month in advance of its due date.
- (4) Tenant paid no security deposit under the terms of the Lease. Tenant has paid rent for the Premises through _____, 200__.
- (5) Tenant currently occupies the Premises.
- (6) All work to be completed by Landlord for the Tenant prior to occupancy has been performed as required and has been accepted by the Tenant; and any payments, free rent, or other payments, credits, allowances or abatements required to be given by Landlord up to the date of issuance of this Certificate have been credited or paid to Tenant.
- (7) As of the date that this Certificate is issued by Tenant, Tenant has no knowledge of any default by Landlord other than those specified in Exhibit B, attached. As of the date that this Certificate is issued by Tenant, Tenant has no knowledge of any offset, defense, deduction or claim against Landlord other than those listed in Exhibit B, attached.
- (8) Tenant is not in default under the Lease.
- (9) Tenant has not assigned the Lease or sublet all or any portion of the Premises, except as listed in Exhibit C, attached. Any sublease or assignment documents are attached as part of Exhibit C.
- (10) Any notices to be sent to Tenant should be sent in the form required in the Lease to:

Montgomery County, Maryland
Office of Real Estate
101 Monroe Street
10th Floor
Rockville, MD 20850

With a copy that does not constitute notice to:

Office of the County Attorney
101 Monroe Street, 3rd Floor
Rockville, MD 20850

- (11) The undersigned is duly authorized to execute this Certificate.

TENANT:
Montgomery County, Maryland

By:_____

Title:_____

Date: _____